

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTHEASTERN WATER)	
ASSOCIATION, INC. FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	
SYSTEM, APPROVAL OF REVISED WATER SERVICE)	CASE NO.
RATES AND CHARGES, AND APPROVAL OF THE)	2010-00470
PROPOSED PLAN OF FINANCING PURSUANT TO THE)	
PROVISIONS OF KRS 278.023 AND 807 KAR 5:069)	
)	

O R D E R

On December 2, 2010, Southeastern Water Association, Inc. ("Southeastern") applied for a Certificate of Public Convenience and Necessity to construct a \$5,670,000 waterworks improvement project, approval of a plan of financing, and authority to adjust rates.

The proposed improvements include: a 200,000-gallon elevated water storage tank; a 100,000-gallon elevated water storage tank; two new booster pump stations; approximately 33,240 linear feet of twelve-inch diameter water lines; approximately 15,300 linear feet of eight-inch diameter water lines; approximately 44,700 linear feet of six-inch diameter water lines; approximately 7,000 linear feet of four-inch diameter water lines; and approximately 2,950 linear feet of three-inch diameter water lines. Southeastern proposes to finance the construction of this project through a U.S. Department of Agriculture's Rural Development ("RD") loan of \$3,995,000. This loan will be for a 40-year period with an interest rate not to exceed 2.25 percent. The

balance of the project cost will be funded by an RD grant of \$1,655,000, and internal funds of \$20,000.

Southeastern's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on December 2, 2010, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Southeastern is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Southeastern's proposed plan of financing with RD is accepted.
3. Southeastern is authorized to enter a loan agreement with RD to borrow \$3,995,000 for a 40-year period with an interest rate not to exceed 2.25 percent per annum.
4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in Southeastern's application.
5. Notwithstanding ordering paragraph 4, if surplus funds remain after the approved construction has been completed, Southeastern may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in Southeastern's rates for service.

Southeastern shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Southeastern shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

7. Southeastern shall monitor the adequacies of the expanded raw water supply after construction. If the level of service is inadequate or declining, or is outside the requirements of 807 KAR 5:066, Section 3 or Section 10(4), Southeastern shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Southeastern shall notify the Commission one week prior to the actual start of construction and at the 50-percent completion point.

9. The rates set out in the Appendix are the rates approved for service rendered on and after the date of this Order.

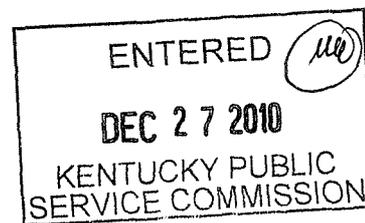
10. Within 30 days of the date of this Order, Southeastern shall file its revised tariffs with the Commission setting out the rates approved herein.

11. Southeastern shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

12. Any documents filed in the future pursuant to ordering paragraphs 5, 6, 8, and 10 herein shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission



ATTEST:

Jeff Densen by Stephanie Bell
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00470 DATED **DEC 27 2010**

The following rates and charges are prescribed for the customers in the area served by Southeastern Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8 x 3/4 Inch Meter

First	2,000	Gallons	\$ 23.25	Minimum Bill
All Over	2,000	Gallons	9.95	Per 1,000 Gallons

1 Inch Meter

First	5,000	Gallons	\$ 53.10	Minimum Bill
All Over	5,000	Gallons	9.95	Per 1,000 Gallons

1 1/2 Inch Meter

First	10,000	Gallons	\$ 102.85	Minimum Bill
All Over	10,000	Gallons	9.95	Per 1,000 Gallons

2 Inch Meter

First	20,000	Gallons	\$ 202.35	Minimum Bill
All Over	20,000	Gallons	9.95	Per 1,000 Gallons

3 Inch Meter

First	30,000	Gallons	\$ 301.85	Minimum Bill
All Over	30,000	Gallons	9.95	Per 1,000 Gallons

4 Inch Meter

First	50,000	Gallons	\$ 500.85	Minimum Bill
All Over	50,000	Gallons	9.95	Per 1,000 Gallons

6 Inch Meter

First	100,000	Gallons	\$ 998.35	Minimum Bill
All Over	100,000	Gallons	9.95	Per 1,000 Gallons

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